

Federal Infrastructure Funding: Proposed and Existing

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How Much Is \$200 Billion?

- Current federal spending levels in key modes project to \$864 billion over 10 years. The Trump plan's \$200B would average to a 23 percent increase.

	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>
Highways	44.0	44.8	45.7	46.5	47.4	48.4	49.3	50.3	51.3	52.4	53.4
Mass Transit	12.2	12.4	12.6	12.9	13.1	13.4	13.6	13.9	14.2	14.5	14.8
Amtrak	1.4	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.7
TIGER Grants	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Aviation	6.2	6.3	6.4	6.5	6.5	6.6	6.7	6.8	6.8	6.9	7.0
Corps of Eng.	7.0	7.2	7.4	7.5	7.7	7.9	8.1	8.3	8.5	8.7	8.9
Total, Ongoing	71.3	72.7	74.0	75.4	76.8	78.4	79.9	81.4	83.1	84.8	86.5
Trump Plan	+20.0	+20.0	+20.0	+20.0	+20.0	+20.0	+20.0	+20.0	+20.0	+20.0	+20.0

Source: Congressional Budget Office.

How Does \$200B Become \$1.5T?

- It's all about the assumptions you use for federal credit programs (TIFIA, WIFIA, RRIF, RUS).
- The only part of federal loans that shows up in the Budget is the subsidy cost.
- FY18 estimated subsidy cost for TIFIA loans is 6.64%. $\$1 \div 0.0664 = \15 . If the loan pays for 1/3 of a project, then \$1 leverages \$45.

\$200B Leverages \$1.3T??

Program	Fed. Funding	Non-Federal	Total
Incentive Grants (20% fed. share)	\$100B	\$400B	\$500B
Rural Formula (assume 80% f.s.)	\$40B	\$10B	\$50B
Rural Allocated (assume 80% f.s.)	\$10B	\$2B	\$12B
“Transformative” Projects (80%)	\$20B	\$5B	\$25B
GSA Real Estate Revolving Fund	\$10B	0	\$10B
Federal Credit Programs	\$14B	\$400-\$700B	\$414-\$714B
Private Activity Bond Subsidies	\$6B	\$250B	\$256B
TOTAL	\$200B	\$1.0T-\$1.3T	\$1.3T-\$1.5T

Source: Eno Center estimates based on news reports.

Highway Trust Fund

- Now in its 62nd year.
- First 60 years (FY 1957-2016): North Carolina paid \$30.7 billion into HTF Highway Account and received \$27.7 billion back.
- FY 2016: North Carolina paid an estimated \$1.087 billion in taxes into the HTF Highway Account and received at least \$1.058 billion back.

Highway Trust Fund

CBO June 2017 Highway Trust Fund Cash Flow Baseline

Billions of dollars. Sources for HTF outlays and tax receipts are the June 2017 baseline. Source for beginning-of-FY17 balances is Treasury. Intragovernmental transfers from UST in FY17 and FY18 are shown reduced for sequestration. Eno Center rough estimates of interest and penalties are used to rounding errors of a few hundred million in any particular year are inevitable.

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027
	Actual	-----CBO June 2017 Baseline Projection-----										
Highway Account												
Beginning-of-FY Balance	9.0	51.4	42.2	32.5	21.3	9.6	-2.9	-16.4	-31.0	-46.4	-63.0	-80.5
Receipts/Interest/Penalties	+36.3	+35.9	+35.8	+35.8	+35.8	+35.7	+35.3	+35.1	+35.1	+34.9	+34.7	+34.5
Intragovernmental Transfers	+52.0	+0.9	+0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
"Flex" Transfer to Transit	-1.1	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Outlays	-44.8	-45.1	-45.5	-46.0	-46.5	-47.2	-47.8	-48.7	-49.5	-50.5	-51.3	-52.0
End-of-FY Balance	51.4	42.2	32.5	21.3	9.6	-2.9	-16.4	-31.0	-46.4	-63.0	-80.5	-99.0
Mass Transit Account												
Beginning-of-FY Balance	2.9	17.8	14.5	11.0	7.0	2.5	-2.5	-7.7	-13.3	-19.3	-25.6	-32.1
Receipts and Interest	+5.2	+5.3	+5.3	+5.3	+5.1	+4.9	+4.9	+4.8	+4.8	+4.7	+4.6	+4.6
Intragovernmental Transfers	+18.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
"Flex" Transfer from Highways	+1.1	+1.0	+1.0	+1.0	+1.0	+1.0	+1.0	+1.0	+1.0	+1.0	+1.0	+1.0
Outlays	-9.5	-9.6	-9.9	-10.2	-10.6	-10.9	-11.2	-11.4	-11.7	-12.0	-12.2	-12.4
End-of-FY Balance	17.8	14.5	11.0	7.0	2.5	-2.5	-7.7	-13.3	-19.3	-25.6	-32.1	-39.0
HTF Consolidated Total												
Beginning-of-FY Balance	11.9	69.2	56.7	43.4	28.4	12.1	-5.4	-24.2	-44.3	-65.6	-88.5	-112.6
Receipts/Interest/Penalties	+41.5	+41.2	+41.1	+41.1	+40.9	+40.6	+40.2	+39.9	+39.9	+39.6	+39.3	+39.1
Intragovernmental Transfers	+70.1	+0.9	+0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Outlays	-54.3	-54.6	-55.3	-56.2	-57.1	-58.1	-59.0	-60.0	-61.2	-62.5	-63.4	-64.5
End-of-FY Balance	69.2	56.7	43.4	28.4	12.1	-5.4	-24.2	-44.3	-65.6	-88.5	-112.6	-138.0
HTF-HA Cash Flow Deficit	-9.6	-10.2	-10.7	-11.2	-11.7	-12.5	-13.5	-14.6	-15.4	-16.6	-17.6	-18.5
HTF-MTA Cash Flow Deficit	-3.2	-3.3	-3.6	-3.9	-4.5	-5.0	-5.3	-5.6	-6.0	-6.3	-6.6	-6.9
Total HTF Cash Flow Deficit	-12.8	-13.4	-14.2	-15.1	-16.2	-17.5	-18.8	-20.1	-21.4	-22.9	-24.1	-25.4

Highway Trust Fund

- Reimbursable programs. States spend their own money and then are reimbursed for 80+ percent of what they spent.
- Slowdowns in reimbursements when the Trust Fund runs low on money are felt by states immediately.

Highway Trust Fund

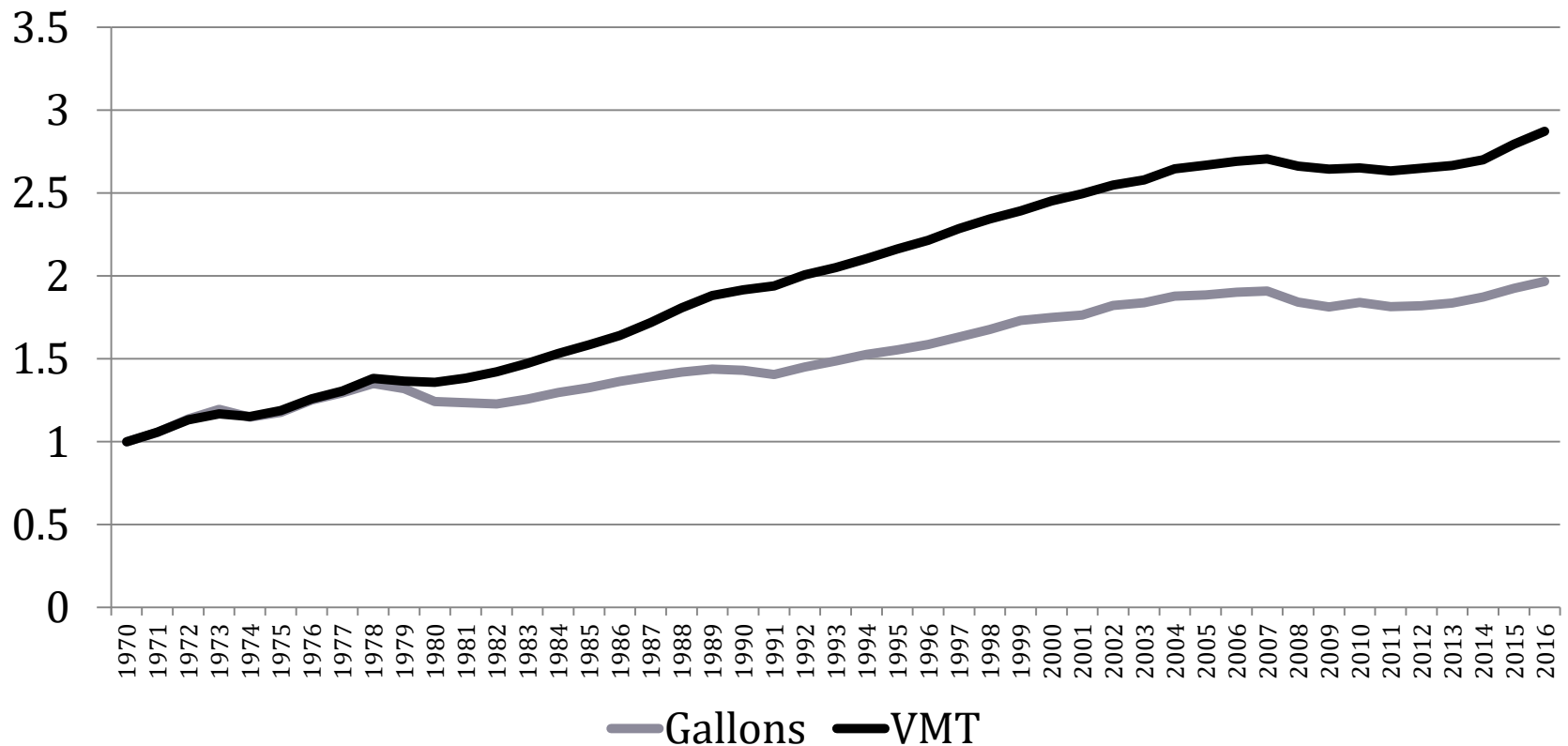
- At current spending and tax levels, the HTF will run deficits ranging from \$13.4 billion last year to \$25.4 billion in 2027.
- The last \$70 billion bailout from the General Fund will run out in spring 2021.
- The \$20+ billion per year needed to keep the HTF solvent is in addition to any money for President Trump's new plan.

The Government Pursues Contradictory Policy Aims

- Since 1956, it has been federal transportation policy to fund surface transportation by taxing the number of gallons of motor fuel sold and consumed.
- Since 1975, it has been federal energy policy (and later federal environmental policy as well) to decrease the number of gallons of motor fuel sold and consumed.

Taxing by the Gallon

Growth rates of gallons of motor fuel sold vs. vehicle miles-traveled, 1970-2016



Taxing by the Gallon

The return on each cent per gallon of motor fuels tax will diminish as cars and trucks become more fuel efficient. In 2018, each penny of the federal motor fuels taxes is projected to yield about \$1.8 billion to the Highway Trust Fund. In a decade, each penny will only yield about \$1.6 billion.

Billion Dollars Raised Per Penny of Federal Motor Fuels Taxes

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
\$1.80	\$1.78	\$1.76	\$1.73	\$1.71

FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
\$1.69	\$1.66	\$1.64	\$1.61	\$1.59

Source: Congressional Budget Office June 2017 excise tax baseline.